
OLR Bill Analysis

SB 3 (File 265, as amended by Senate "A")*

AN ACT ESTABLISHING AN EMPLOYEE OWNERSHIP PROGRAM TO PROMOTE BUSINESS RETENTION AND GROWTH.

SUMMARY:

This bill allows the Department of Economic and Community Development (DECD), by January 1, 2015 and in consultation with the Department of Labor, to establish and administer a program to encourage employee stock ownership plans and other types of employee ownership of businesses.

DECD may enter into memoranda of understanding (MOU) with organizations, including regional and community development organizations and other nonprofit organizations with expertise in employee ownership, in order to implement and administer the program. Such an MOU must prohibit the organization from charging the state for any costs incurred in implementing or administering the program.

DECD must report on the program to the Commerce Committee by October 1, 2016.

*Senate Amendment "A" eliminates requirements that (1) an organization administer the program and (2) DECD (a) issue a request for proposals and (b) provide a grant of up to \$500,000. It also makes the program's establishment permissive rather than mandatory.

EFFECTIVE DATE: October 1, 2014

PROGRAM REQUIREMENTS

The program must provide:

1. education and outreach to employees, employers, and entrepreneurs about the benefits of employee ownership,

business ownership succession planning, and employee participation in decision-making, including information about financial education, employee teams, open-book management principles that give employees business performance information, and other ways that employees can contribute ideas to help their business succeed;

2. technical assistance in forming and transitioning to employee-owned businesses, including assessments of the feasibility of transitioning to such ownership models and starting new businesses based on them;
3. training employees and employers on methods of employee participation in open-book management, work teams, and other ways to increase employee input; and
4. educational events, through partnerships with UConn, the Connecticut State University System, and industry trade associations, to promote awareness of employee ownership.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 17 Nay 0 (03/20/2014)